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August 13, 1998

Ms. Magalie Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

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AUG 13 1998

Re: In the Matter of 1998 Biennial Regulatory Review --
Review of International Common Carrier Regulations
IB Docket No. 98-118

Dear Ms. Salas:

COMSAT Corporation, by its attorneys, files herewith an original and nine copies of the Comments of COMSAT Corporation in the above-referenced proceeding.

An additional copy is enclosed; please date-stamp this copy and return it to the courier. Please refer any questions to the undersigned.

Yours truly,

Bruce A. Henoch
General Attorney

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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AUG 13 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
1998 Biennial Regulatory Review --) IB Docket No. 98-118
Review of International Common Carrier)
Regulations)

COMMENTS OF COMSAT CORPORATION

COMSAT Corporation, through its COMSAT World Systems business unit ("COMSAT"), hereby submits its Comments in the above-captioned proceeding. In this proceeding, the Commission has proposed to further streamline the international Section 214 process by, among other things, permitting non-dominant carriers to file for a blanket authorization to provide service on any "unaffiliated" routes throughout the world.¹ In the words of the Commission, this would

certify that it would serve the public interest, convenience, and necessity to allow any entity that would be a non-dominant carrier to provide facilities-based service, or to resell the international services of other carriers, to any international point except a market in which an affiliated carrier operates.²

This proposal is based upon the fact that the Commission's "regulatory safeguards" are sufficient to protect the public interest and that "few if any" grounds would warrant denial or conditioning of an authorization to serve an unaffiliated route.³

¹ *In the Matter of 1998 Biennial Regulatory Review -- Review of International Common Carrier Regulations*, Notice of Proposed Rulemaking, IB Docket No. 98-118, FCC 98-149 (released July 14, 1998) ("NPRM").

² NPRM at ¶ 8.

³ NPRM at ¶¶ 7,8.

The overall effect of the proposed changes is to virtually eliminate the need to file a Section 214 application to provide international services except where the applicant seeks to serve a foreign market in which it has an affiliate and except where the applicant seeks to use a non-U.S. licensed satellite. The Commission is thereby proposing to extend the streamlining procedures adopted in 1996. In the 1996 Order, the Commission stated that global Section 214 authorizations would be granted for use of half-circuits on all U.S. common carrier and non-common carrier facilities, "including INTELSAT satellites."⁴ COMSAT requests that the Commission clarify that the blanket Section 214 authorizations proposed in this NPRM would apply to COMSAT's customers using the INTELSAT system for international services. Although INTELSAT is not a U.S.-licensed system, COMSAT is the exclusive provider of U.S. half-circuits utilizing the INTELSAT system. This was recognized by the Commission in the DISCO II Order, which proposed no changes to COMSAT's provision of international services provided via INTELSAT and Inmarsat.⁵

In addition, as the Commission is aware, COMSAT's World Systems division was recently reclassified as a "non-dominant" carrier for the provision of most of its international services.⁶

⁴ *In the Matter of Streamlining the International Section 214 Authorization Process and Tariff Requirements*, Report and Order, 11 FCC Rcd 12884 (1996) at ¶ 16 ("1996 Order").

⁵ *In the Matter of Amendment of the Commission's Regulatory Policies to Allow Non-U.S. Licensed Space Stations to Provide Domestic and International Satellite Service in the United States*, Report and Order, 12 FCC Rcd 24094 (1997) at ¶ 127 ("DISCO II Order").

⁶ *In the Matter of COMSAT Corporation, Petition Pursuant to Section 10(c) of the Communications Act of 1934, as amended, for Forbearance from Dominant Carrier Regulation and for Reclassification as a Non-Dominant Carrier*, Order and Notice of Proposed Rulemaking, File No. 60-SAT-ISP-97, FCC 98-78 (released April 28, 1998) ("Non-Dom Order"). COMSAT

This finding was based on a detailed examination of the international satellite service marketplace, upon which the Commission found that COMSAT, using INTELSAT space segment, does *not* have market power on the “competitive” routes. Because of this finding, the Commission eliminated a great deal of the regulation that had been imposed upon COMSAT, including strict tariffing requirements, structural separation, and rate-of-return regulation. The Commission found that, because COMSAT does not possess market power on the competitive routes, regulation is not necessary in order to ensure, among other things, competitive pricing.⁷

Since the Commission found that regulation of these services is not necessary, there would appear to be no reason for not allowing COMSAT itself to take full advantage of the Commission’s 214 streamlining proposals to the extent that COMSAT is regulated as non-dominant. All of the rationales cited by the Commission for permitting global 214 authorizations and for eliminating non-U.S. licensed cable systems from the exclusion list now apply equally as forcefully to COMSAT’s INTELSAT-based services.

Thus, COMSAT recommends that the Commission clarify that: 1) the Section 214 exclusion list does not include INTELSAT satellites where capacity is obtained from COMSAT;

was classified as non-dominant for its provision of switched voice, private line, and occasional-use video service to so-called “thick route” countries, and for its provision of full-time video and earth station services to all markets. Altogether, services representing about 93 percent of COMSAT’s total INTELSAT-based revenues are now classified as non-dominant. *See* Comments of COMSAT Corp., IB Docket No. 98-60, filed May 29, 1998.

⁷ Non-Dom Order at ¶ 131.

and 2) COMSAT is eligible to utilize the proposed blanket authorization procedure to the extent that INTELSAT satellites are used to provide services that are regulated as non-dominant.

Respectfully submitted,

COMSAT Corporation
COMSAT World Systems

A handwritten signature in black ink, appearing to read "Keith H. Fagan", is written over a horizontal line.

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